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November 2019
#02

Creating Sustainable Value

Understanding the markets

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Measuring Impact of our investments

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Investing in sustainability

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Globalization: States are interested in going... green?

Green New Deal: will Christine Lagarde and Ursula von der Leyen make Jeremy Rifkin's dream come true?

In his last book, renowned American economist Jeremy Rifkin dreams of a Green New Deal on a global scale. The scale may seem quite broad, but the ambition itself is not so crazy. Although we will probably have to wait until the next presidential election for the United States to get back on track with the Paris Agreement, Europe already seems well engaged in the movement. It is first and foremost the case of the European Central Bank (ECB). Christine Lagarde did not wait for her official entry into office on November 1st to take a firm stand on the subject by stating in front of the European Parliament that the ECB needed to take climate change into account as part of its objectives. Concretely, two lines of action are being considered. The first one would be to specifically target green bonds as part of the Bank's buyback programs. The second one would be to encourage regulatory development aimed at considering green assets as part of the banks' risk assessments, and consequently of their equity requirements. Both evolutions, should they be put in place, would make a significant difference regarding green finance and set off a most welcome pull factor for green investments. But there is still a long way to go: Jens Weidmann, president of the Bundesbank[1], has announced his opposition to these measures. He had already expressed his disagreement with Mario Draghi's accommodating monetary policy which was praised by Christine Lagarde. This new ECB presidency is unlikely to bring back serenity within the governing council...

The new president of the European Commission, Ursula von der Leyen, also wants to put climate emergency on the agenda. To this end, she put Dutch EU Commission Vice-President Frans Timmermans in charge of setting up a European Green New Deal. Finance once again appears as an essential tool in the building up of this Green New Deal: one of the first measures considered consists in turning part of the European Investment Bank into a European Climate Bank, mostly thanks to a €1,000 billion investment plan over the next decade. The Green New Deal seems to be really taking shape in Europe. However, Jeremy Rifkin appears to have confidence in the movement reaching the global stage, and for one particular reason: finance. Indeed, the economist believes that pension funds managing the retirement savings of millions of workers around the world have initiated a fossil fuel divestment and renewable energy reinvestment movement. These pension funds, with their €37,000 billion under management, represent a powerful lever in terms of funding and transformation.

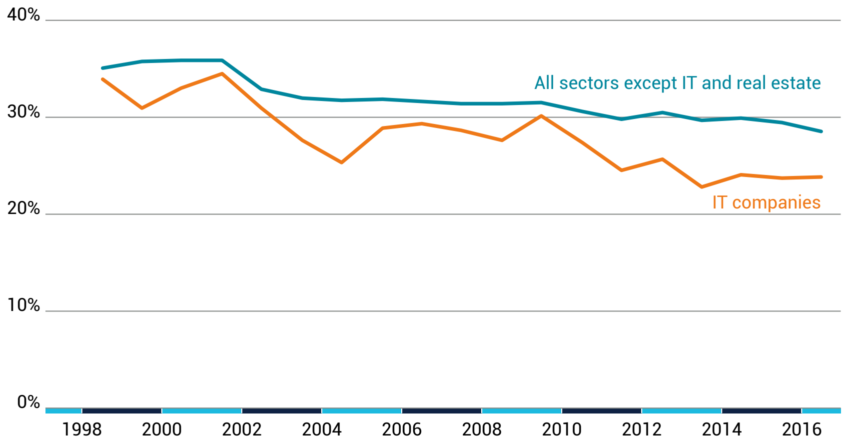
Whether deliberately or under the influence of political incentives, green finance players will have to scale up in order to meet these challenges!

1 Central bank of the Federal Republic of Germany

The OECD reveals its plan to tax tech giants

Climate is one of several globalization issues that many public policies are trying to take on. The question of taxation - or the relative lack of taxation - regarding tech giants is a global significant area of concern.
Despite the occasional conflicting positions when it comes to defending one's national champions against discriminatory measures, the idea that it is essential to fight excessive tax optimization, which is made possible by the meeting of tax havens and the exponential growth of dematerialization, is more and more shared. In this context, the G20 has decided to follow the OECD[2]'s recommendations on the subject in order to try to implement concrete measures in 2020. Two main potential solutions are under consideration:
1. taxing companies where they sell, even if they are not present physically and;
2. applying a minimum tax rate on a global scale for companies which are still able to benefit from tax havens.
Climate and taxation are just two examples among so many others. Both examples bring to light the importance of taking environmental and social dimensions into account for investors when it comes to their choices of capital allocation, whether for ethical reasons or regarding medium and long-term yields.

GRAPH 1 – S&P 500 COMPANIES AVERAGE TAX RATE EVOLUTION



Source: Mirova/ Corporate reports

Market breakdown

Bright spot on the political front

Although the political climate worsened last summer, now the clouds seem to be clearing up: the possibility of a hard Brexit is shrinking by the day while the hopes for a US-China "phase one" trade deal that would be signed in December were never as high.
After negotiating a new Brexit agreement that ended up not being ratified by the European and British parliaments, Boris Johnson had no choice but to ask Brussels for a new exit date delay and to call for snap general elections on the 12th of December. In case of a Conservative victory -which is the outcome suggested by polls… not always reliable-, the ratification of "his" deal would be very likely. If the Labour Party wins, a new referendum could take place, giving citizens the choice between remaining in the EU or leaving with a new "soft-Brexit" deal that would need to be negotiated - supposing that the Europeans are willing to.
In any case, the market no longer believes in the possibility of a hard Brexit, as evidenced by the upswing of the British pound and of the UK domestic stocks, for which we believe that the appreciation potential has not been exhausted yet.
The hopes for a US-China "phase one" trade deal by the end of the year is another element of optimism. Actually, a deal on agriculture, financial services and currency seems almost secured. However, the issue of technology transfer is not settled yet and would likely be pushed back to second phase. The short-term essentials to ensure stabilization, or even a global economic recovery, lie in the easing of trade tensions, notably by avoiding the tariffs increase announced this summer, which would do harm to global trade and business climate.

2 Organization for Economic Co-operation and Development

The negotiation process could still last a long time. Especially as both the Democratic candidates for the American election and the Republicans seem to be agreeing on the matter.
Thi is not the case for many other issues. In this context, Elizabeth Warren's recent breakthrough in the polls is quite impressive. She is neck-and-neck with Joe Biden. Many sectors are on Warren's radar and could find themselves under pressure if she won in June 2020. Such is the case for energy (ban/regulation on hydraulic fracturing), banking (return of the Glass-Steagall Act[3]), health (Medicare for All[4]) and Gafam[5].

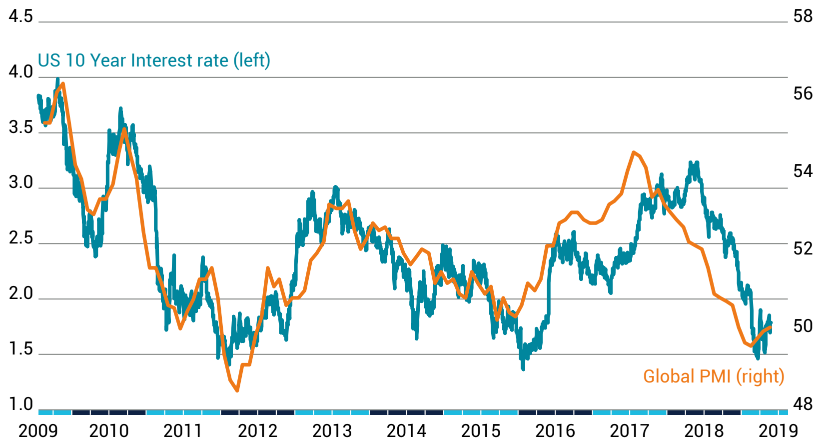
An evolution towards macroeconomic stability?

In the eurozone, the real GDP was up 0.2% during the third quarter which represents a 1.1% rise at an annual rate. German and Italian economies are suffering from trade conflicts as well as uncertainty in relation to Brexit that severely impacted manufacturing activities linked to exports. The UK, alongside the US, is the main trading partner of the eurozone with 12% of exports in 2018. Apart from the industry sector, the European GDP experienced a relatively slow decrease compared to previous years (around 1.8%), mainly thanks to the services and private consumption sectors. In this context, France is withstanding quite well.

However, reaching stability or even a pickup in growth will require an upturn in manufacturing activity, especially in Germany. Some figures seem promising such as the book-to-bill ratio of the last Manufacturing PMI index[6] of the eurozone, which was higher than 1 for the first time in one year.
In the US, real GDP was up 1.9% at an annual rate in the third quarter of 2019, in line with solid retail sales this summer. It should be noted that after six quarters of contraction, there was an upswing in housing investment in response to the significant drop in mortgage rates. On the other hand, capital expenditures declined because of commercial uncertainty and a weakening global demand. Job creation has remained strong over the last months and the unemployment rate is still at its lowest level in the five last decades. The notorious Manufacturing ISM[7] was at 48.3 in November, reflecting the weakness of the industrial sector, despite a rise compared to last month (47.8).
Chinese GDP growth is still decelerating (6% growth during the last quarter, which represents the slowest rate since 1992) and Beijing is well aware of the necessity to engage in additional measures to support the economy in response to a decreasing demand against a backdrop of trade pressure.
However, the growth of the Chinese manufacturing sector in October is higher than in more than two years[8] and industrial production was on the rise over the last months in emerging economies, particularly in Asia.

Source: Bloomberg

GRAPH 2 – MANUFACTURING PMI AND US 10 YEAR INTEREST RATE



Sources: Mirova / Les cahiers verts de l'économie

3 The US Banking Act of 1933 establishes, among other things, the separation of commercial and investment banking
4 Universal health care
5 Acronym for the main tech giants: Google Amazon Facebook Apple Microsoft
6 Purchasing Managers Index
7 Monthly index published by the American Institute for Supply Management
8 source: Caixin/ Markit 2019

Monetary policies matching market expectations

In recent months, central banks have delivered what the market had hoped for.
In accordance with what was agreed upon, on the 30th of October the Fed cut its rates by 25 basis points to a range of 1.5% to 1.75%, specifying however that it would not go further for now. It is the third cut in three meetings. Except in the case of a rise in unemployment and a decrease in output, the Fed is not planning to cut its rates in the short term.Jerome Powell, the current Chairman of the Fed, is confident that US growth perspectives remain solid thanks to consumers' resilience and to the recent cut in rates.
In Europe, new ECB president Christine Lagarde will have little room for maneuver regarding monetary policy on the short/medium-term because of the recent measures announced by her predecessor Mario Draghi. This may allow a much needed time to bridge the differences that emerged during recent ECB meetings in light of rising opposition to the ambitious recovery plan decided by the outgoing president, especially regarding the quantitative easing measures.

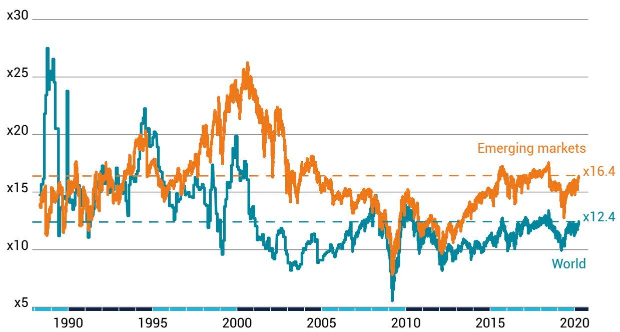
Source: Bloomberg

Bias remains positive on risky assets

From the beginning of the year to the end of October, equity markets are on a rise of more than 20%. The US market, in particular, reached record highs which might encourage a more cautious approach in the quarters to come. However, optimism is prevailing and the rising trajectory will likely continue if the three current promising themes persist: easing of tensions on the political front, accommodating central bank control and stabilization of global growth.
This moderate optimism also relies on the valuation level of the equity market in line with its historical average (MSCI World PE[9] at 16.2), as well as on always defensive strategies from investors, promising financial publications until now and a low level of inflation justifying accommodating monetary policies.

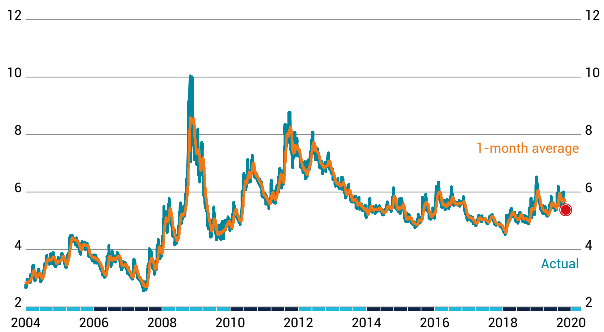
Source: Bloomberg

GRAPH 3 – 12M FORWARD P/E



Sources: Mirova / Les cahiers verts de l'économie

GRAPH 4 – GLOBAL RISK PREMIUM
– EARNINGS YIELD FORWARD–



Sources: Mirova / Les cahiers verts de l'économie

9 Price Earning Ratio

FOCUS Are low rates a threat to the environmental transition?

Schumpeter entangled

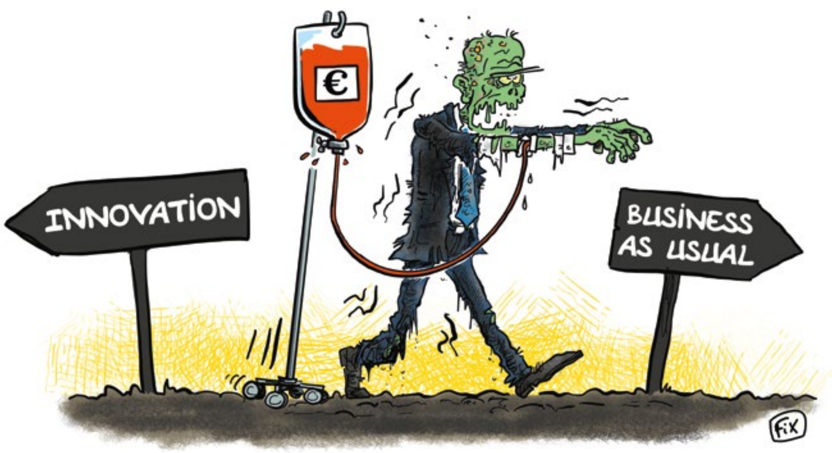
It seems obvious that low rates encourage the low-cost financing of energy transition. Except that it is not.

Capitalism, according to its defenders, is the most efficient capital allocation system of all. Thanks to the capitalism, resources (rare by definition) would go towards organizations that would best know how to create value from them. This value would be measured in light of these organizations' ability to make profit by optimizing the difference between what they spend (in order to design, manufacture and distribute the products and services they offer) and the price they charge their clients. The returns they generate from their capital contributors in the form of dividends, capital gains, coupons, etc. reward them for having so well allocated this capital. As for the economic players whose clients would not value the products and services they offer, enough to provide returns covering, and in relation to the resources they exploit, they would be edged out, or even disappear, since they would not generate enough gains and could therefore no longer attract capital. So much for the theory. Reality probably distorted it, or even contradicted it, many times. But theory does have the merit of reminding us that capital, as resources, remains rare, or is drained towards the players who know how to best take advantage of it.

The issue with zero or negative rates is that they disrupt this functioning: they make room for a lot of unprofitable and indebted companies (sometimes called "zombie companies") to remain, at the expense of their more efficient competitors, thus squeezing their margins. Moreover, they probably divert an important part of capital flows to unproductive assets, since it does not make more sense to take the risks induced by investment in companies whose additional gains remain low.

For those like Mirova, who believe that organizations involved in ongoing environmental and social transitions should on average outperform, if not outlive their less committed competitors, low rates are a threat, because they threaten the emergence of the former by allowing the survival of the latter. Furthermore, capitals that would not be supporting zombie companies would go towards historic real estate, the art market, vehicles collection, gold and other assets considered as "real", but that do not in any way increase the kind of wealth which allows for an improvement of material situation of humanity. Therefore, low rates stand in the way of the mechanisms of creative destruction dear to Schumpeter. And yet, what is the current environmental transition if not a case of creative destruction?

The example of Japan, however, offers some reason to believe that long-term reduced cost of capital does not necessarily prevent economic transformation.



Twenty years of low rates: Japan, banking hell and zombie companies' paradise

As a brief reminder, in the 1990's, Japan began its low-rate cycle following the bursting of the real estate bubble in the 1980's, which had been fed by the spectacular post-war growth and a demography emphasizing the population density on the archipelago. It was then necessary to drain Japanese banks' excessive balance sheets: resorting to consolidation proved to be the solution.

As a consequence, Japanese finance, which was among the most powerful at the end of the 1980's, gave way to an ersatz of huge administration of savings and funding, but involving private capital. Contrary to general belief, this transition was nothing short of painful considering that:

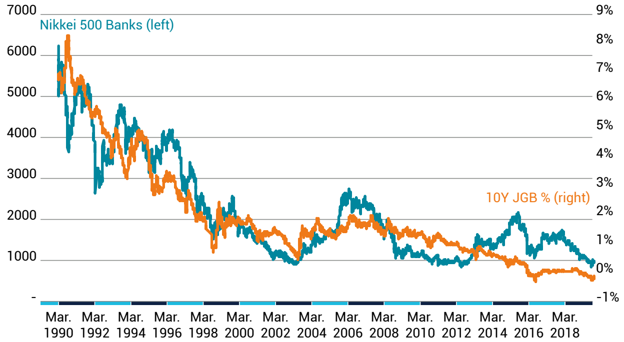
- the financial sector scaled down,
- zombie companies survived and the great champions of Japanese capitalism were not so different from the ones who triumphed afterwards,
- if the senior employment rate seems so high in Japan, it is because pensions are not enough to guarantee them a decent standard of living.

However, the good news is that this assessment is tempered by the capacity to invest in new technologies: Japanese companies (zombie or not) have maintained their efforts regarding research which allowed them to follow long-term transformations, although probably not at the same pace as in the 1960's, 1970's and 1980's.

Capitalism without cost of capital and fundamental statism

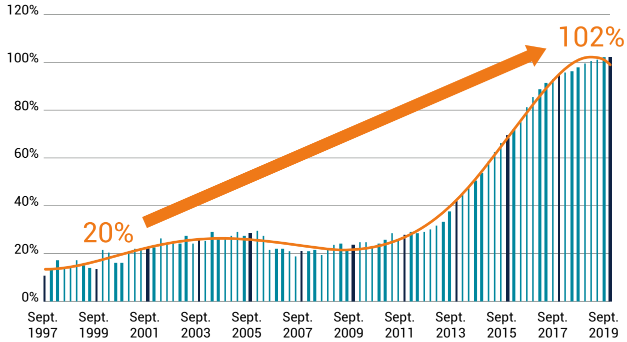
Should private capitals holders lose interest in directing them towards financing the energy transition, public authorities could take over, especially since they are now financed at very low, or zero, or even negative costs. Besides, they would play an almost regalian function, not necessarily as capital allocators but rather as supervisors of infrastructure serving political objectives, such as land-use planning. The idea that applying the observations of Schumpeter could lead to States being actively involved in the financing of a large-scale economic transition may seem surprising, but it would not be such an incongruity in a world that would reward borrowers for getting into debt. But do not assume that finance has given up on contributing to this transition; quite the opposite in fact: regardless of their motivation, the efforts from players committed to taking more ESG factors into account when it comes to their investments send a clear and promising message.

GRAPH 5 – NIKKEI 500 BANKS AND EVOLUTION OF 10Y JAPANESE GOVERNMENT BOND



Sources: Mirova / Nikkei, Bank of Japan, Bloomberg

GRAPH 6 – CENTRAL BANK BALANCE SHEETS AS % OF GDP (JAPAN)



Sources: Nikkei, Bank of Japan, Bloomberg

Morphosys, the metamorphosis of a biotech company

Biotechnologies applied to health are already helping to improve diagnosis and allowing for the deployment of even more efficient strategies in personalized medicine. Mirova chose to support the development of Morphosys, an integrated biopharmaceutical group of which we have been shareholders since late 2017.

Morphosys is a German biotech company, recognized as one of the leaders in the field of 100% human antibodies. The group develops and sells therapeutic antibodies in order to cure oncologic, autoimmune and inflammatory diseases. To this day, Morphosys has conducted more than 100 therapeutic programs among which 29 are currently undergoing clinical trials with 16 of them already in phase II and 2 in phase III. One made it to the market: Tremfya, which was developed in partnership with Janssen and is designed to treat psoriasis, a chronic inflammatory disease.

Morphosys benefits from a competitive advantage thanks to its proprietary technologies for the development of antibodies named HuCAL and Ylanthia. Nowadays, their activity focuses on two major segments: the first one involves discoveries, in partnership with other biotech and pharmaceutical players. The second one is related to the development of their own medicine, especially for autoimmune and inflammatory diseases such as cancer and infectious diseases.

The arrival last September of their new CEO, Jean-Paul Kress, M.D, marked the beginning of a new era for Morphosys. They started a transition from a company mainly dedicated to Research & Development (R&D), to a fully integrated player developing and selling its own medicine. With proven experience in the commercialization of innovative medicine in the US and in Europe, Jean-Paul Kress, M.D, will be a real asset for Morphosys, as underlined by his predecessor and founder of the company, Simon Moroney, M.D. The group especially needs this experience as they are still significantly investing in R&D (between €95 million and €105 million in 2019), and building commercial capabilities in the US, in anticipation of the launch of their new product Tafasitamab, a monoclonal antibody used in the treatment of malignant cells.

Source : Morphosys 2019

Past performance is no indicator of future performance.
The information presented reflects Mirova's opinion as of the date indicated and is subject to change without notice.

First green bond for Generali

Mirova signed up to Generali green bond issue, the first green bond issued by a European Insurance company. Mirova supports the insurer who, last May, made a strong commitment to reduce its carbon footprint and to make its fundings consistent with the achievement of the UN Sustainable Development Goals (SDGs).

In late September 2019, Italian insurer Generali took the plunge by issuing the first subordinated green bond from a European insurance company (known as "Green Tier 2"). These subordinated bonds allow insurers to strengthen their solvency. The issue offered very attractive yield (2.124%) and amounted to €750 million. It was met with great success and was oversubscribed by 3.6 times. Others will probably follow the lead shortly, as evidenced by the attempt by CNP Insurance to launch a similar green bond during the summer (that ended up being postponed). The market of subordinated bank and insurance green bonds is still in an early stage, and we believe it could end up representing hundreds of billion euros. In fact, financial institutions will gradually renew this type of debts, (not green so far, representing more than €500 billion), and are increasingly going to choose green options.

Generali enjoys global reputation. This insurer operates on five continents with a particularly strong presence in Eurasia. The company has 70,734 employees and generated gross written premiums of €67 billion in 2018, with 70% from life insurances -and remaining 30% from Property & casualty insurance. Generali took some initiatives in favor of climate and the environment. Among those are the reduction of its carbon footprint by 20% compared to 2013, and, by 2021 the commitment to fund €4.5 billion worth of new green and sustainable investments with a positive impact in accordance with the UN SDGs. This comes in addition to Generali's recently renewed and increased credit facilities -now amounting to €4 billion euros- for sustainable and green objectives. Moreover, the insurer has committed to increase premiums from social and green products by 7% - 9%, which are considered in accordance with its green and social ambitions.

The bond issue echoes with the publication of Generali's Green Bond Framework, released in May 2019. This inaugural bond, aimed at financing green and sustainable projects ranging from real estate and renewable energy to clean transportation, water treatment and recycling, will undoubtedly set a precedent.

Source : Generali 2019

The information presented reflects Mirova's opinion as of the date indicated and is subject to change without notice.

Green and Sustainable finance: what's new?

PRI in Person

The annual conference of the signatories of Principles for Responsible Investment (PRI) was held in Paris from 10 to 12 September 2019 and welcomed more than 1,800 investment professionals. The event was dedicated to the theme of "responsible investment in an age of urgent social and ecological transition". A welcome statement by the French president Emmanuel Macron urged investors to take action on climate change and biodiversity loss. PRI signatories heard the message: 230 investors representing $16,200 billion in assets under management signed the investor statement for the Amazon, calling on companies to take urgent action following the devastating fires in this region which are partly the result of massive deforestation in the region. Philippe Zaouati, CEO of Mirova, delivered a closing speech encouraging reflection on the role shareholders and investors should play in designing a model of capitalism that would integrate sustainable development goals at its core.

Climate Week and UN Climate Summit in New York

In spite of repeated calls from UN Secretary-general Antonio Guterres and the mobilization of civil society regarding climate emergency, few States decided to announce new commitments during the Climate Week, although it should be pointed out that Germany committed to achieving carbon neutrality by 2050 (France made the same commitment last spring). Moreover, Russia finally ratified the Paris agreement. Alongside these talks between States, this Climate Week gave rise to many interesting announcements from the private sector. For example, Danish pension funds committed to investing an additional $50 billion in green solutions by 2030; an alliance of institutional investors ("Asset Owner Alliance") representing $2,400 billion was launched and committed to making their portfolios carbon neutral by 2050; some banks announced that they would submit $2,900 billion worth of assets to climate tests and 87 companies announced their plan of emissions reduction in line with the 1.5°C objective. This week was also home to the launch of the Principles for Responsible Banking under the auspices of the UNEP Finance Initiative. Natixis was one of the first signatories among 28 banks and also took the opportunity during this week to announce the launch of its internal "Green weighting factor" in order to align its funding with the Paris agreement.

New commissions within the ACPR and the AMF, and creation of an observatory within Finance for Tomorrow in order to follow the environmental commitments of the French finance sector

The statement from the Paris financial center last July which focused in particular on reaching carbon neutrality and on implementing "individual coal strategies" as of 2020 was completed by the decision to create two new commissions within the French Financial Markets Regulator (AMF) and the Prudential Supervision and Resolution Authority (ACPR). These commissions, chaired respectively by Thierry Philipponnat and Patrick de Cambourg, are designed to monitor and evaluate the sustainability and climate-related commitments and methodological advances of the French financial market. They will also produce recommendations, thanks to the support of the works from several experts who come from financial institutions as well as the academic world and civil society. These commissions will be coordinated with the creation of an observatory of sustainable finance achievements and actions by the players of the Paris financial center. This observatory, which will include a scientific committee, will be jointly governed by the main professional federations (French Asset Management Association AFG, French Banking Federation FBF, French Insurance Federation FFA, France Invest) and Finance For Tomorrow, a branch of Paris EUROPLACE, under an ad hoc agreement.

FOCUS The Amazon, but not only: Mirova commits to the fight against deforestation

Last September, as the devastating fires in the Amazon were sadly all over the news, Mirova chose to support an investor statement durging companies to strengthen their commitments in the fight against deforestation. This coalition, coordinated by the NGO CERES[10] and the Principles for Responsible Investment, gathered 230 investors representing $16.2 trillion.

This event highlights the key role of forests not only in the fight against climate change, but also preserving biodiversity and providing ecosystem services.

While reports from the IPCC[11] state that deforestation is responsible for more than 13% of global greenhouse gas emissions, healthy ecosystems can provide 37% of the necessary mitigation measures in order to limit the global temperature increase, as recently underlined by UN Secretary-general Antonio Guterres. By destroying the habitats of many animal species, deforestation is also one of the main causes of biodiversity loss.

Nowadays, agriculture and livestock farming, along with timber production and its derived products, are among the main sources of deforestation. Palm oil, soya and cocoa are the main agricultural products that present a risk of deforestation.

For the companies involved in these production chains, Mirova has developed strict selection criteria with regard social and environmental performance. For example, when it comes to companies producing palm oil, Mirova has been taking a strong stand since 2014 in terms of eligibility, by subjecting said companies to the respect of several criteria, among which the subscription to the RSPO (Roundtable on Sustainable Palm Oil) and the certification of all the production, as well as a broader commitment regarding non-deforestation and the protection of bogs. As for the companies positioned downstream of the agriculture value chain, deforestation is a more indirect issue although it is one of the main challenges subject to analysis. The requirements in terms of traceability and sustainable supply represent a significant area of engagement with the companies from this sector.

More generally, we are looking to direct our investments towards companies engaged in the fight against deforestation and that implement practices aiming at reducing food waste, increasing recycled inputs (regarding wood products in particular) or organic farming.

10 Coalition for Environmentally Responsible Economies
11 Intergovernmental Panel on Climate Change

Measuring

Mirova Consolidated Equity

31/10/2019 – Index: MSCI Europe

This information relates to all the equity funds managed by Mirova and Mirova US

Impact on the achievement of the SUSTAINABLE DEVELOPMENT GOALS (SDGs)

EXPOSURE TO POSITIVE/FAVORABLE IMPACT TO SDG

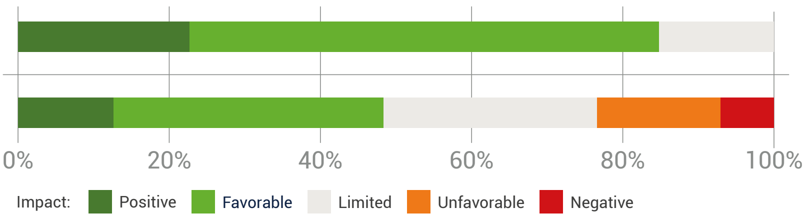
Fund 85%

VS.

Index 48%

Coverage rate for fund: 100%
Coverage rate for the index: 99%

% OF ASSETS*



* Cash and cash equivalent excluded

Source: Mirova

Key impact indicators

CLIMATE CHANGE

Climate change trajectory

Funds
+1.5°C

VS.

Index
+4.5°C

Coverage rate for fund: 97%
Coverage rate for the index: 98%

Source: Carbone4/Mirova

GENDER EQUALITY

Women in executive committees

Funds
18%

VS.

Index
15%

Coverage rate for fund: 93%
Coverage rate for the index: 95%

Source: Mirova

EMPLOYMENT

Average yearly change in workforce (2015-2018)

Funds
8%

VS.

Index
4%

Coverage rate for fund: 100%
Coverage rate for the index: 100%

Source: Mirova, from company reports

Impact mapping to the SDGs

		Share of positive contributors*	Corresponding SDGs
ENVIRONMENT	CLIMATE STABILITY Limit GHG levels to stabilize global temperature rise under 2°C	54%	9, 13
ENVIRONMENT	HEALTHY ECO-SYSTEMS Maintain ecologically sound landscapes and seas for nature and people	39%	14, 15
ENVIRONMENT	RESOURCE SECURITY Preserve stocks of natural resources through efficient and circular use	31%	12
SOCIAL	BASIC NEEDS Basic services (Food, water, energy, shelter, health, etc.) for all	21%	1, 2, 3, 6, 7, 10
SOCIAL	WELL BEING Enhanced health, education, justice and equality of opportunity for all	46%	3, 4, 5, 10, 11, 16
SOCIAL	DECENT WORK Secure, socially inclusive jobs and working conditions for all	23%	8, 9, 10

*Sum of strategy/index holdings with Positive or Committed opinion, cash and cash equivalents excluded

Source: Mirova

Mirova Consolidated Fixed Income

31/10/2019 – Indice: Barclays Euro Aggregate Corporate

This information relates to all the fixed income funds managed by Mirova

Impact on the achievement of the SUSTAINABLE DEVELOPMENT GOALS (SDGs)

EXPOSURE TO POSITIVE/FAVORABLE IMPACT TO SDG

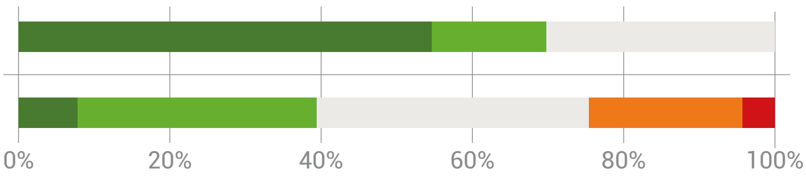
Fonds 70%

VS.

Indice 39%

Coverage rate for fund: 100%
Coverage rate for the index: 94%

% OF ASSETS*



Impact: Positive Favorable Limited Unfavorable Negative

* Cash and cash equivalent excluded

Source: Mirova

Key impact Indicators

CLIMATE CHANGE

Climate change trajectory

Funds

+1.5°C

VS.

Index

+4°C

Coverage rate for fund: 49%
Coverage rate for the index: 85%

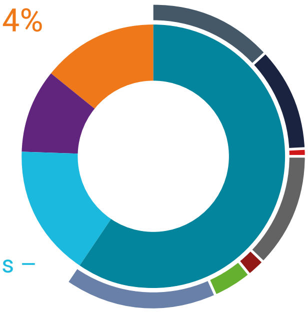
Source: Carbone4/Mirova

SUSTAINABILITY BONDS

Sovereigns 14%

Corporates – financials – 10%

Corporates – non financials – 16%



Sustainability bonds 60%

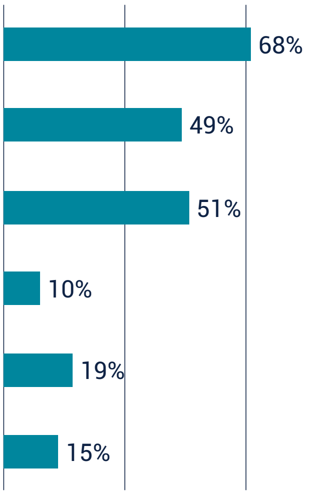
13% Renewable energy
11% Energy efficiency
1% Sustainable waste & water management
12% Clean transportation
2% Other environmental

0% Affordable housing
4% Other social
17% Diversified

Source: Mirova

Impact mapping to the SDGs

		Share of positive contributors	Corresponding SDGs
ENVIRONMENT	CLIMATE STABILITY Limit GHG levels to stabilize global temperature rise under 2°C	68%	9, 13
ENVIRONMENT	HEALTHY ECO-SYSTEMS Maintain ecologically sound landscapes and seas for nature and people	49%	14, 15
ENVIRONMENT	RESOURCE SECURITY Preserve stocks of natural resources through efficient and circular use	51%	12
SOCIAL	BASIC NEEDS Basic services (Food, water, energy, shelter, health, etc.) for all	10%	1, 2, 3, 6, 7, 10
SOCIAL	WELL BEING Enhanced health, education, justice and equality of opportunity for all	19%	3, 4, 5, 10, 11, 16
SOCIAL	DECENT WORK Secure, socially inclusive jobs and working conditions for all	15%	8, 9, 10



Source: Mirova

mirova
Investing in sustainability

November 2019
Finalized November 5, 2019

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